Digitization Strategies:

How CFOs Are Prioritizing Digital Payments To Maximize Efficiency

Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, a PYMNTS and Corcentric collaboration, is based on a survey of 250 CFOs from retailers and manufacturers from Sept. 9 through Sept. 27 that also explored how their companies invested in digital payments platforms to survive the pandemic. Findings detail the technologies they believe they need to continue growing their businesses. We asked how they believe current economic conditions, such as inflation and the volatility in the capital markets, will affect their financial performance.

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Introduction

In the early days of the COVID-19 pandemic, the unpredictable business climate led companies to make targeted investments in digital technologies to meet the demands of remote workforces and a spike in eCommerce. Now, as we approach the end of the third year of the pandemic, businesses are taking a fresh look at their technology investments to determine which to continue for the long term and which to scale back or abandon.

The pandemic pushed companies to invest in several aspects of their financial operations, including fraud prevention and risk management, working capital and credit management and accounts receivable (AR) functions. Forty-eight percent of CFOs say their investments in these functions were primarily designed to help maintain business operations amid the global economic upheaval — and those investments tended to achieve the desired results. For example, 83% of CFOs say that digitized platforms helped improve their companies' fraud prevention and risk management functions. In some instances, companies have decided to scale back the investments they made during the pandemic's early stages.

These are just a few of the findings in Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, a PYMNTS and Corcentric collaboration. We surveyed 250 CFOs from retailers and manufacturers between Sept. 9 and Sept. 27 to assess how their investments in digital payments platforms helped them survive the pandemic and which technologies are the most essential to growing their business. We also asked for their input on how current economic conditions — such as inflation and the volatility in the capital markets — are likely to affect their financial performance in the years ahead.

This is what we found.

1 Businesses responded to the early days of the COVID-19 pandemic by investing in digital payments technology.

Businesses sought to weather the unprecedented disruption to their operations and adapt to the new business realities, such as the shift to remote workforces and the spike in eCommerce. Fifty-six percent of companies have invested in fraud prevention and risk management applications since the pandemic began in March 2020, with 48% doing so to maintain business operations amid the global economic upheaval. Sixty-six percent of retailers invested in fraud prevention and risk management applications, exceeding the 50% of manufacturers who did the same. Forty-eight percent of CFOs said their companies invested in digitized working capital programs, with 51% of manufacturers and 42% of retailers making these investments.

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2 Some technology investments made at the pandemic's outset have been scaled back or discontinued.

Not all of the investments in digital technologies that companies made have been sustained for the long term. Forty-four percent of companies have abandoned the working capital and credit digital solution investments they made to continue operating, and 38% have abandoned the procurement technologies they implemented. As many businesses have recovered their equilibrium, they have learned which applications merit continued investment and which they can do without, informing decisions about technology spending.

3 Companies are shifting technology investments to meet their financial operations' changing needs.

Ninety-four percent of companies are investing in digital technologies in at least one area of payments and finance, with 87% planning to invest in the future. Companies have prioritized fraud prevention and risk management since the pandemic began and plan to continue to do so. Fifty-five percent of companies are currently investing in these areas, and 30% plan to invest in these functions. PYMNTS' data also shows that procurement has been a key area for investments in digitized platforms. Thirty-eight percent of CFOs say they are investing in their procurement functions, while another 47% plan to do so.

4 High inflation, rising interest rates and volatile capital markets are increasing the urgency for CFOs to invest in digital payments and finance.

CFOs have lots to think about, even in the best of times. Amid the current high inflation and volatile capital markets, it is no surprise that 84% of CFOs believe the global economy will fall into a recession in the next six months. Eighty percent of CFOs say inflation influences their expectation that a recession is imminent, while 55% believe falling stock prices will lead to the next recession.

Investments prompted by the pandemic

Fifty-six percent of retailers have invested in AR platforms since the pandemic began, with 47% investing specifically to continue their business operations during it. Manufacturers focused less on digitizing their AR platforms: Just 21% of manufacturers invested in them, although 17% invested to maintain operations during the pandemic.

43%

of the companies that did not invest in **fraud prevention and risk management** during the pandemic's early months now plan on investing in these areas.

TABLE 1:

The pandemic's effect on digitization investments

Share of companies citing reasons for investing in technologies in select areas since March 2020, by type of business

	To maintain business during the pandemic	Other reasons	Total
ALL			
• Fraud prevention/risk management	47.9%	7.8%	55.8%
• Working capital and credit	39.8%	7.7%	47.5%
• Procurement	30.0%	12.5%	42.5%
• Accounts receivable	27.9%	5.5%	33.4%
• Accounts payable	21.2%	7.8%	28.9%
RETAIL TRADE			
• Fraud prevention/risk management	56.5%	9.2%	65.8%
• Working capital and credit	35.2%	6.8%	42.0%
• Procurement	23.3%	9.7%	33.0%
• Accounts receivable	46.8%	9.3%	56.1%
• Accounts payable	20.6%	7.6%	28.1%
MANUFACTURING			
• Fraud prevention/risk management	43.1%	7.0%	50.1%
• Working capital and credit	42.4%	8.2%	50.5%
• Procurement	33.8%	14.0%	47.8%
• Accounts receivable	17.2%	3.4%	20.5%
• Accounts payable	21.5%	7.9%	29.4%

Source: PYMNTS
Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, November 2022
N = 250: Complete responses; N varies by area of investment, fielded Sept. 9, 2022 – Sept. 27, 2022

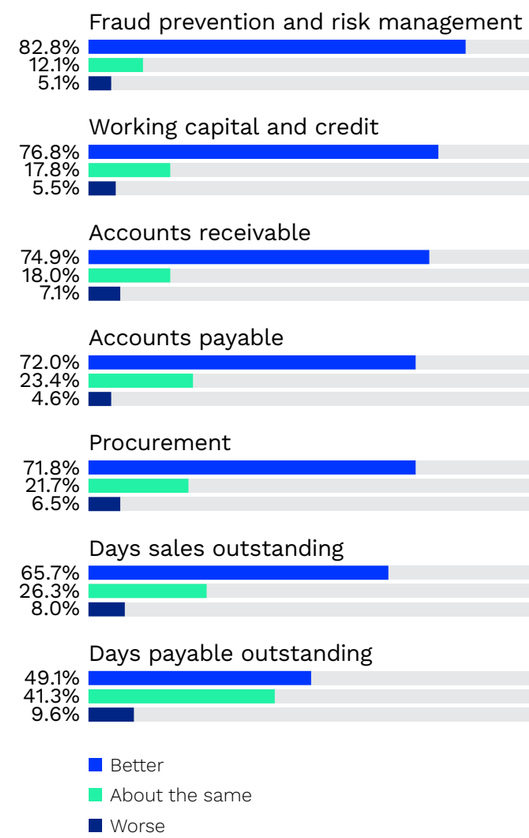
Manufacturing CFOs were determined to make investments in digitizing several functions. Fifty-one percent invested in digital technologies for working capital and credit, with 42% making these investments in response to the pandemic. Forty-eight percent of manufacturers invested in their procurement processes, with 34% investing specifically in response to the pandemic.

CFOs tended to get the desired results. Eighty-three percent said their digitization investments improved their fraud prevention and risk management functions, while 77% said the investments led to improvements in their management of working capital and credit. Most CFOs also said the digitization investments led to improvements in their management of accounts payable (AP), AR and procurement.

FIGURE 1:

The pandemic's effect on digitization investments

Impact of investment in technologies for payment and finance on select areas of operation since March 2020 in selected areas



Source: PYMNTS
Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, November 2022
N = 250: Complete responses; N varies by area of investment, fielded Sept. 9, 2022 – Sept. 27, 2022

46%

of companies that have invested in **working capital and credit** since March 2020 continue to invest in digital technologies in these areas or plan to do so.

Looking at short-term investments

Fifty-five percent of companies continue to invest in their cash flow forecast applications for their working capital operations. At the same time, 38% of the companies that invested in cash flow forecast applications following the pandemic's onset have since scrapped this spending.

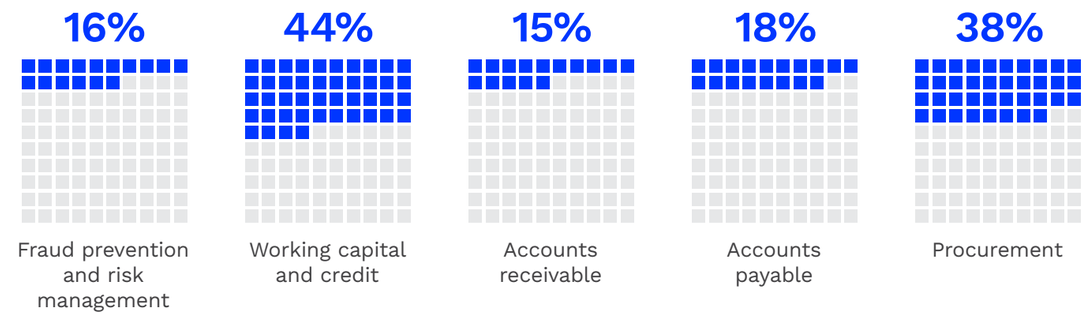
The data suggests that while many companies continue to invest in digitized technologies, others believe that select functions no longer require continued investments in the underlying technology.

42%

of companies that invested in **digital procurement solutions** during the last two years are continuing those investments for the long term.

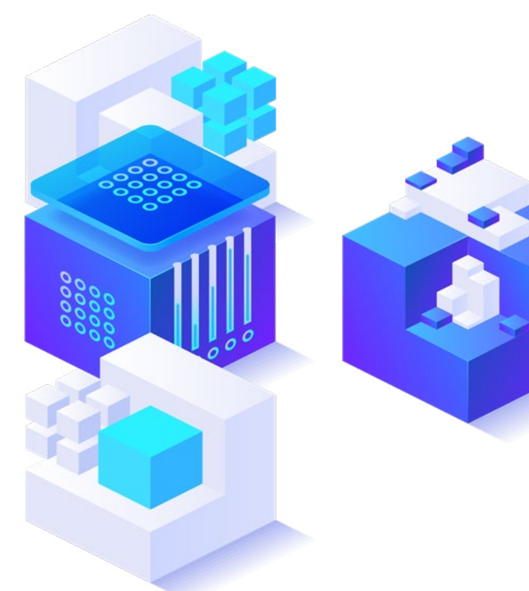
FIGURE 2:

The digital investments that have not outlived the pandemic
Share of firms terminating investments in payments or finance technologies, by area of investment



Source: PYMNTS
Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, November 2022
N = 250: Complete responses, fielded Sept. 9, 2022 – Sept. 27, 2022

For example, 38% of procurement process technologies implemented to maintain business operations during the pandemic have been discontinued. Forty percent of CFOs scrapped request management and requisition investments that were made specifically to weather the pandemic, and 27% of CFOs who invested in digital technologies for supplier onboarding in response to the pandemic discontinued these technologies.



But even though many companies are cutting back on specific functions, some areas remain priorities for continued investments. For example, 59% of companies that invested in cash position applications are sustaining this spending despite the decision by 36% of companies to abandon investments in this function.

TABLE 2:

How digital investments are changing as pandemic-related restrictions end
Share of companies citing select investment strategies for payment and finance technologies, by area of investment

	Continuing or planning to invest	Terminated investment
Procurement and supplier onboarding applications	59%	27%
Cash flow forecasting and working capital and credit applications	55%	38%
Working capital and cash position applications	59%	36%

Source: PYMNTS
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N = 250: Complete responses, fielded Sept. 9, 2022 – Sept. 27, 2022

The technology investments guiding companies long term

The companies that invested in digital technologies for fraud prevention and risk management during the pandemic's early stages remain focused on these areas.

Fifty-three percent of companies that have invested in fraud prevention and risk management since March 2020 are currently investing in these areas or plan to do so, and 43% of those that did not previously invest in fraud prevention and risk management now plan on investing in these areas, which puts these functions among the highest priorities for continued investment. Similarly, procurement is a chief priority for continued investment, given that 96% of CFOs say they want to spend money on these platforms: 42% of companies that invested in procurement during the last two years are continuing to invest, and 54% of companies that did not previously invest in it plan to do so in the future.

At the same time, many CFOs plan to continue to fund upgrades in areas their companies invested in at the pandemic's outset. Forty-six percent of companies that have invested in working capital and credit since March 2020 are currently investing in digital technologies in these areas or plan to do so.

With some other functions, CFOs plan to use the next few years as an opportunity to invest in areas that were not priorities when the pandemic started.

Although just 28% of companies that have invested in AP since March 2020 are continuing to invest in this area, 68% of firms that did not invest in AP are investing now or planning to do so in the future.

Companies are also investing in digital technologies for AR functions, with 64% of companies that did not invest in AR currently investing or planning to invest in this area.

85%

of CFOs are currently investing or planning to invest in **fraud prevention and risk management** digital technologies.

TABLE 3:

Digitization investment plans take shape

Share of firms citing select previous and future investment plans for digitized platforms, by area of investment

PREVIOUS AND FUTURE INVESTMENT PLANS	Invested		Did not invest	
	Will invest	Will not invest	Will invest	Will not invest
SAMPLE	96.3%	3.7%	0.0%	0.0%
• Fraud prevention/risk management	53.0%	2.7%	43.3%	1.0%
• Working capital and credit	46.3%	1.2%	50.0%	2.5%
• Procurement	41.9%	0.6%	54.4%	3.1%
• Accounts receivable	32.2%	1.2%	64.1%	2.5%
• Accounts payable	28.2%	0.8%	68.1%	3.0%

INVESTMENT PLAN STATUS	Currently investing	Will invest in the future	Will not invest or have not decided
SAMPLE	93.9%	86.8%	3.7%
• Fraud prevention/risk management	54.8%	30.0%	15.2%
• Working capital and credit	40.5%	42.2%	18.1%
• Procurement	38.1%	47.1%	16.2%
• Accounts receivable	30.3%	50.4%	19.5%
• Accounts payable	28.3%	52.2%	19.4%

Source: PYMNTS
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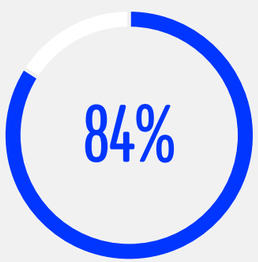
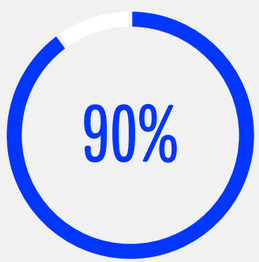
How economic risks may shape technology investments

CFOs see the same economic risks as everyone else, but in greater detail — and they must incorporate that information into their decisions about their overall budgets and their plans for technology investments.

SHARE OF CFOs FORECASTING A RECESSION



IN THE NEXT
SIX MONTHS



IN THE NEXT
12 MONTHS

Four out of five CFOs plan to continue investing in digitized technology for their financial operations. For most, concerns about economic uncertainty are crucial to their investment decisions.

For example, 85% of CFOs are currently investing or planning to invest in fraud prevention and risk management digital technologies, with 80% of CFOs reporting that economic uncertainty is a very or extremely important factor in their investment plans. In addition, companies' responses to the current economic uncertainty have heavily influenced digital technology investments that protect against financial scams and cybersecurity threats.

82%

of CFOs plan to invest in technology to improve the management of their **working capital and credit functions.**

FIGURE 3:

Economic uncertainty and its effect on digital investments
Share of CFOs citing select factors influencing their concerns about the economy

Similarly, 82% plan to invest in technology to improve the management of their working capital and credit functions, and 55% say economic uncertainty drives these investments. Eighty-four percent of CFOs plan to invest in procurement in the next two years, with 61% very or extremely influenced by current economic trends.

CFOs also report that their investments in digital technologies for working capital and credit, as well as for AP platforms, are less influenced by the current economic uncertainty than their other investment decisions.

Source: PYMNTS
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N = 250: Complete responses; N varies based on whether firms are currently investing or planning to invest in select areas, fielded Sept. 9, 2022 – Sept. 27, 2022

TABLE 4:

Economic uncertainty and its effect on digital investments
Share of companies citing the reasons affecting the timing of digital technology investment decisions, by area of investment and type of firm

	Specifically due to economic uncertainty	Other reasons	Total
ALL			
• Fraud prevention and risk management	79.8%	5.0%	84.8%
• Working capital and credit	55.0%	26.9%	81.9%
• Procurement	61.0%	22.8%	83.8%
• Accounts receivable	63.6%	16.9%	80.5%
• Accounts payable	48.7%	31.9%	80.6%
RETAIL TRADE			
• Fraud prevention and risk management	75.9%	4.9%	80.8%
• Working capital and credit	53.6%	26.2%	79.8%
• Procurement	61.2%	22.9%	84.1%
• Accounts receivable	60.9%	16.1%	77.0%
• Accounts payable	48.8%	31.9%	80.7%
MANUFACTURING			
• Fraud prevention and risk management	81.9%	5.2%	87.1%
• Working capital and credit	55.9%	27.2%	83.1%
• Procurement	60.9%	22.8%	83.7%
• Accounts receivable	65.2%	17.3%	82.5%
• Accounts payable	48.6%	31.9%	80.5%

Source: PYMNTS
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CONCLUSION

The last three years forced companies to make substantial changes in their technology budgets. While most pandemic-related restrictions have lifted, many businesses now have to consider how this period of inflation, higher interest rates and capital market volatility will affect their businesses and technology needs. This is leading companies to set aside some spending plans that are no longer as urgent while they continue investing in platforms that remain fundamental to their operations.

METHODOLOGY

For Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, a PYMNTS and Corcentric collaboration, we surveyed 250 CFOs from retailers and manufacturers from Sept. 9 through Sep. 27 to assess how their companies invested in digital payments platforms to survive the pandemic. We also sought to understand the technologies they believe are needed to continue growing their businesses. We asked them how they believe current economic conditions, such as inflation and the volatility in the capital markets, will affect their financial performance.

ABOUT

PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

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